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Ontario Insurance Sector and Administrative Monetary Penalties

Bulletin **No. [G-02/13]**

General

To the attention of all insurance companies licensed to transact insurance in Ontario

With this Bulletin, the Financial Services Commission of Ontario (FSCO) is announcing recent changes made by the government to insurance related statutes that provide FSCO with new powers to levy Administrative Monetary Penalties for contraventions of legislation or regulations that occur on or after January 1, 2013.

An Administrative Monetary Penalty (AMP) is a financial penalty imposed by a regulator such as FSCO, instead of a court, for contraventions of law. AMPs encourage regulatory compliance and prevent financial benefit from violations.

The introduction of AMPs is in keeping with the Ontario government's commitment to modernize financial regulation and regulatory practices. This enforcement tool provides FSCO with more flexibility in assessing appropriate responses to non-compliance and misconduct in the insurance sector. AMPs also give FSCO an authority similar to other financial services regulators across Canada.

The changes allow FSCO to apply AMPs for existing contraventions that are identified in the AMP regulation. They do not create new compliance requirements.

New Statutory Provisions and Regulations

The following statutes and regulations contain the provisions regarding AMPs:

- Insurance Act, Ontario Regulation 408/12
- Compulsory Automobile Insurance Act, Ontario Regulation 409/12
- Automobile Insurance Rate Stabilization Act, 2003, Ontario Regulation 410/12

New Part XVIII.1 of the Insurance Act outlines the procedures for imposing an AMP as well as hearing and appeal processes.

Application of AMPs

The contraventions to which an AMP can apply include listed unfair or deceptive acts or practices by any person or entity including insurers, agents, brokers, adjusters and those involved in the provision of goods and services to insurance claimants.

AMPs can be imposed for breaches of orders, undertakings and licence conditions, as well as for contraventions of statutory provisions such as:

NOTE: The bulletins that are posted on this website are provided for historical reference purposes. The information in these bulletins is accurate on the date the information is published, but is subject to change and may be replaced by more recent bulletins.

An order that is made regarding a licence holder reflects a situation at a particular point in time. The status of a licence holder can change. Readers should check the current status of a person's or entity's licence on the **Licensing Link** section of FSCO's website. Readers may also wish to contact the person or entity directly to get additional information or clarification about the events that resulted in the order.

These bulletins may include forms that are no longer up-to-date or accurate. Readers should visit the **forms** section of the FSCO website, to ensure they are using the most recent version of a FSCO form.

- Failure of agent to meet annual continuing education requirements
- Failure of agent to notify Superintendent of address change
- False billing practices
- Failure of insurer to charge authorized rates
- Engaging in prohibited acts and/or practices
- Acting as an agent when unlicensed or suspended
- Other unfair or deceptive acts/practices

Go to **www.e-laws.gov.on.ca** for copies of these statutory provisions and regulations.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

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